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Prime Minister's schedule, July 10

NIKKEI (Page 2) (Full)

July 11, 2008

11:39

Met at Kantei with Canadian Prime Minister Harper.

12:29

Hosted luncheon for Harper.

13:52

Met with Deputy Foreign Ministers Sasae and Kono. Sasae remained.

14:48

Met with NPA Chief Yoshimura.

15:19

Met with Chief Cabinet Secretary Machimura.

16:11

Met with Public Security Investigation Agency Chief Yanagi. Met afterwards with incoming and outgoing persecutor-general Hiwatari

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and Tadaki, and Justice Vice Minister Ozu.

17:10

Met with LDP Secretary General Ibuki, followed by Deputy Chief Cabinet Secretary Ono.

18:22

Returned his official residence.

4) Six-party head-of-delegations meeting: Agreement reached to build framework to verify North Korea's nuclear declaration

TOKYO SHIMBUN (Top play) (Almost full)
July 11, 2008

Yuji Hiraiwa, Nakahiro Iwata, Beijing

A six-party head-of-delegations meeting began on the afternoon of July 10 at the Diaoyutai State Guesthouse in Beijing. The members discussed North Korea's denuclearization for three and a half hours over a working dinner yesterday, the first day of the talks. According to an informed source, the participants shared the need to build a framework to verify the contents of North Korea's declaration of its nuclear programs and a system to monitor the implementation of what was agreed upon through the six-party talks. North Korea did not raise any objections.

Abduction issue not discussed

The six-party delegates met for the first time since last September.

From the morning of July 11, they will aim at a total agreement on establishing verification and monitoring frameworks. Foreign Ministry Asian and Oceanian Affairs Bureau Director-General Akitaka Saiki indicated on the night of July 10 that the participants' views were headed for a consensus. Saiki's U.S. counterpart, Assistant Secretary of State Christopher Hill, also indicated that China would draw up a chairman's statement specifying a verification framework.

According to the source, the delegates hailed the North's declaration as progress, though it did not meet the deadline. At the same time, some members called for an early presentation of information on nuclear weapons, something that was not included in the North's declaration.

Japan underlined the need for the involvement of the International Atomic Energy Agency (IAEA) in the verification process with the participation of the remaining five countries. Japan also expressed its willingness to join the energy aid program if there is progress on the abduction issue. The abduction issue was not discussed in the session. Saiki also briefly exchanged greetings with North Korean Vice Foreign Minister Kim Kye Gwan.

If a consensus is reached on establishing a verification system and other matters on July 11, the six countries intend to discuss in the

afternoon how to proceed with economic and energy aid to the North.

Chinese Vice-Foreign Minister Wu Dawei, chair of the six-party talks, called for the participants' cooperation by saying at the outset of the meeting: "Our target is to jointly promote the complete implementation of the second-phase steps (for

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denuclearization) in order to enter the new phase."

5) In resumed six-party talks, Saiki expresses strong dissatisfaction at no information on nuclear weapons, cites resolution of abduction issue as precondition for aid to North Korea

SANKEI (Page 1) (Full)
July 11, 2008

(Jiro Otani, Beijing)

Chief envoys of the six-party talks aimed at denuclearizing North Korea met at the Diaoyutai State Guesthouse in Beijing on July 10. The delegates discussed ways to verify the declaration on its nuclear programs presented by Pyongyang in June and a mechanism to monitor the state of implementation that each country would be obliged to carry out. Japan's chief delegate Akitaka Saiki, director general of the Foreign Ministry's Asian and Oceanian Affairs Bureau, expressed strong dissatisfaction that the nuclear report provided no information about the number of nuclear weapons possessed by North Korea, saying: "Can this really be said to be a complete declaration?"

But Saiki told reporters after the meeting at a Beijing hotel: "Discussion of a verification system is moving toward agreement." On the issue of North Korea's past abductions of Japanese nationals, Saiki disclosed that he had said in the meeting: "An environment will be created (for Japan) to offer aid to the North through a settlement of the abduction issue."

The envoys agreed in the meeting to advance deliberations on these four agenda items: (1) Ways to verify the North Korean nuclear report; (2) economic energy aid to North Korea, including heavy oil; (3) a timetable for a six-party foreign ministerial; and (4) ways to denuclearize North Korea in the third stage. They also affirmed the need to swiftly set up a framework to verify the nuclear report and decided to discuss specific means on July 11. If progress is made there, the delegates may hold a meeting of the working group on North Korea's denuclearization the same day.

According sources involved in the six-party talks, Saiki met with North Korea's Vice Foreign Minister Kim Kye Gwan briefly, but the two did not discuss such bilateral pending issues as a reinvestigation of abductee victims. A Japanese delegate told reporters last night that no decision has been made for the next round of Japan-North Korea talks.

6) In six-party talks, Japan demands three items, including on-site inspections of nuclear facilities in North Korea

NIKKEI (Page 3) (Full)
July 11, 2008

(Nagasawa, Beijing)

Chief envoys of the six-party talks over North Korea's nuclear problem met at the Diaoyutai State Guesthouse in Beijing on the afternoon of July 10. According to informed sources on the Japanese side, the participants shared the need to agree on a mechanism to verify the declaration produced by North Korea in late June on its nuclear programs. In the meeting, Japan demanded three items that

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Pyongyang should (1) allow on-site inspections of its nuclear facilities; (2) submit additional nuclear documents; and (3) allow

interviews with North Korean nuclear technicians. The focus of attention is to what extent North Korea would accept these demands.

The six-party talks were held for the first time in about nine months since last September. In the meeting, the envoys decided to discuss (1) a verification regime for North Korea's nuclear declaration; (2) energy aid to North Korea; (3) a timetable for a six-party foreign ministerial; and (4) basic policy on the third stage of North Korea's denuclearization.

Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki, Japan's chief envoy, told reporters last night that (North Korea) has generally accepted the three items demanded by Japan, including on-site inspections. He expressed dissatisfaction at no information on nuclear weapons included in the nuclear report and also insisted on the need to increase the effectiveness of inspections by including International Atomic Energy Agency members in them.

The main aid program for the North in return for its nuclear report is energy aid equivalent to 850,000 tons of heavy oil by the five nations. But Japan intends not to take part in economic assistance if no progress is made on the issue of Japanese nationals abducted by North Korean agents. According to Saiki, in the meeting on the 10th, there was no scene in which North Korea criticized Japan's posture.

7) Imperial couple to visit Canada probably next summer

NIKKEI (Page 2) (Abridged)
July 11, 2008

Prime Minister Yasuo Fukuda met yesterday with Canadian Prime Minister Stephen Harper at the Prime Minister's Office. In the meeting, the two leaders reached an agreement to push forward with arrangements on a visit to Canada next summer by the Emperor and Empress. The Emperor once visited Canada in April 1953 when he was Crown Prince. The planned visit will be his first trip to Canada as the Emperor.

Fukuda and Harper affirmed that the two countries would deepen cooperation in economic and peace-building areas with their 80th anniversary of the conclusion of a treaty of friendship in mind.

The two leaders shared the perception that cooperation with developing countries would be important in order to realize global greenhouse gas emissions cuts. Regarding Canada's peacekeeping operations in Afghanistan, to which Canada deploys about 2,500 troops, Harper said: "There are improvements in security, governing and development areas, but there remain many challenges."

The Emperor and Empress met Harper and his wife yesterday at the Imperial Palace.

8) Gov't mulls danger-free plans for Futenma

MAINICHI (Page 2) (Full)
July 11, 2008

On the issue of relocating the U.S. Marine Corps' Futenma Air

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Station in Okinawa Prefecture's Ginowan City, the government yesterday entered into final coordination to propose setting up a body for a joint study with Okinawa Prefecture on how to eliminate the danger of Futenma airfield. Okinawa Prefecture has been calling for the airfield's danger to be removed. The government will hold a Futenma consultative meeting on July 18 with local officials from Okinawa Prefecture, when the government will propose the idea of launching this joint study group to look into the airfield's dangerous aspects.

Japan and the United States have reached an intergovernmental agreement to relocate the heliport functions of Futenma airfield to a coastal area of Camp Schwab, a U.S. military base in the island prefecture's northern coastal city of Nago, by 2014. However,

Okinawa Gov. Hirokazu Nakaima has asked the government to move the relocation site of an alternative facility for Futenma airfield into the sea. In order to remove Futenma airfield's danger, Nakaima has asked the government to take such measures as basically closing down the airfield within three years and relocating U.S. military training from the airfield to other locations.

The U.S. government has refused to negotiate the proposed offshore relocation. However, the U.S. government agreed with the Japanese government in August last year to review the flight paths of Futenma-based choppers in order to eliminate danger. However, Okinawa Prefecture is strongly dissatisfied with the agreement's specifics. The Futenma base is located in a densely populated area of the city. As it stands, local residents are concerned about U.S. military helicopters possibly crashing. In August 2004, a U.S. military chopper crashed into the campus of Okinawa International University. This incident gave rise to strong calls for a danger-free environment. In this April's Futenma consultative meeting, Nakaima asked the government to set up a working-level study group to eliminate the airfield's danger.

The government's proposal is in response to the governor's request. The U.S. government, however, is not agreeable to negotiate the drastic step of closing down Futenma airfield within three years. Even if a joint study group is launched, it could end up reaching a conclusion that is unacceptable to the United States.

9) Defense Ministry mum about MD exercise itinerary

TOKYO SHIMBUN (Page 27) (Abridged)
July 11, 2008

Japan and the United States will conduct bilateral joint training exercises for their antiballistic missile defense systems in the Sea of Japan and in the Kanto area, the Joint Staff Office of the Self-Defense Forces at the Ministry of Defense said yesterday. However, the JSO only explained that the MD exercises are scheduled for "one day in July." The Defense Ministry apparently fears that foreign armed forces would pick up communications between Japan and the United States if the schedule is unveiled.

Details are unknown about the MD exercises. However, Japanese and U.S. MD-capable destroyers like the Kongo and the Shiloh will be staged in the Sea of Japan. The Air Self-Defense Force's airborne warning and control system (AWACS) aircraft will also participate in the exercises. Air defense missile units-currently based at Iruma in Saitama Prefecture, Kasumigaura in Ibaraki Prefecture, Narashino in Chiba Prefecture, and Takeyama in Kanagawa Prefecture-will

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participate in the exercises with the Patriot Advanced Capability 3 (PAC-3), a ground-to-air guided missile system. They will be on standby at their respective bases and will not be in town.

10) No plans for cabinet shuffle: Fukuda

MAINICHI (Page 5) (Full)
July 11, 2008

Prime Minister Yasuo Fukuda yesterday met with his ruling Liberal Democratic Party's Secretary General Bunmei Ibuki at his office and said anew he still has no plans for a rumored shuffle of his cabinet before convening an extraordinary session of the Diet. "I have no plans at all; it is a complete blank slate," he said. Now that the Group of Eight (G-8) summit at Lake Toya in Hokkaido is over, the focus is on whether Fukuda will shuffle his cabinet. However, Ibuki advised Fukuda to consider how to make arrangements for the next extraordinary Diet session. "It would be better not to listen to those parties wanting a shuffle and those who would benefit from it," Ibuki said.

Later in the day, Fukuda said he would fast-track his policy tasks. "I have nothing on my mind about anything after that," Fukuda told reporters when asked about whether he would shuffle his cabinet.

11) Calls in LDP one after the other for dissolution of the Diet,

either at the start of the regular Diet session or immediately after the budget passes

TOKYO SHIMBUN (Page 2) (Excerpts)
July 11, 2008

Views are coming out one after the other in the Liberal Democratic Party (LDP) that the timing of the dissolution of the House of Representatives should be either at the start of the next regular session of the Diet that will be convened in January or immediately after the fiscal 2009 budget is passed in March or April. Until now in the party, the overwhelming view was that dissolution should be put off until the Lower House serves out its term next year in September. However, the judgment now being made is that Diet dissolution under the disadvantageous circumstance of being forced on the party by the opposition Democratic Party of Japan (DPJ) should be avoided.

The reason influential LDP lawmakers have lined up to call for putting off as long as possible Lower House dissolution is that such a decision could produce a severe situation of losing (in the election to follow) even their majority, let alone the two-thirds majority the ruling parties hold now. However, former Prime Minister Koizumi in a Tokyo speech on July 3 referred to the need to speed matters up, saying, "In case we extend it another six months (until the full term ends), there would be no leeway and it would become dissolution that pushed us into a corner."

After Koizumi, former Prime Minister Mori, who has acted as the prime minister's guardian, and party elections chairman Koga, who has responsibility for carrying out elections, gave specific times, such as next January at the start of the regular Diet session, or March-April, after passage of the budget. One after the other, suggestions for speeding up Diet dissolution have come out.

12) LDP's Yosano: DPJ's plan requires 30 trillion yen of fiscal

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resources

ASAHI (Page 4) (Full)
July 11, 2008

Appearing on a BS11 (Nippon BS Broadcasting) program recorded yesterday, former Chief Cabinet Secretary Kaoru Yosano, a member of the ruling Liberal Democratic Party (LDP) sharply criticized the Democratic Party of Japan's (DPJ) policies, saying: "The DPJ is an irresponsible and tax-money wasting party. If their policies were implemented, 30 trillion yen would be needed." Yosano pointed out that based on his own calculation method, it would be necessary to have twice more than the 15.3 trillion yen that the DPJ has asserted (it needs to carry out its policies).

Yosano said: "If all (basic) pensions are covered by tax revenues, the consumption tax rate will automatically become 11 percent." He calculated that there would be needed a total of 30 trillion yen, which would include 15 trillion yen for pension reform, 3.5 billion yen for free public high-school education, several trillion yen for compensation for individual farmers, among other expenses.

In a press conference yesterday, DPJ Deputy President Naoto Kan rebutted: "(Yosano) should have said that several trillion yen would be needed after the Finance Ministry makes public how much fiscal resources it has. I must say that he belongs to the Ministry's finance-policy clique in the Diet."

13) DPJ plans to submit many bills to upcoming extraordinary Diet session: Preparation underway to return to Diet deliberations

YOMIURI (Page 4) (Full)
July 11, 2008

The Democratic Party of Japan (DPJ) plans to submit many lawmaker-initiated bills to the extraordinary Diet session to be convened in late August. Though it boycotted deliberations following the adoption of a censure motion against Prime Minister Fukuda in

the Upper House during the recent regular Diet session, it now intends to use the submission of legislation as a tool for it to return to deliberations to pursue the government and the ruling parties.

Policy Research Committee Chair Naoshima at a meeting of the Confederation of Japan Automobile Workers' Unions held in Tokyo on July 10 said, "The DPJ wants to make the auto tax and road policy campaign issues for the next Lower House election. We want to submit legislation on the tax code and a road-construction policy to the upcoming extraordinary Diet session." He thus indicated his party's plan to submit a bill abolishing the provisional rate related to special-purpose road construction revenues and a bill designed to drastically reform road administration.

The DPJ is determined to focus during the extraordinary Diet session on the submission of bills directly related to the daily life of the public. It will likely respond to deliberations on the fiscal 2008 supplementary budget draft, which incorporates measures to address soaring crude oil prices and the reconstruction of areas hit by the Miyagi Inland Earthquake, with Diet Affairs Committee Chair Kenji Yamaoka saying, "We will deal with countermeasures on natural disasters and matters closely linked to the daily life of the public." The DPJ wants to deliberate on lawmaker-sponsored bills

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submitted on a priority basis after the party presidential election slated for September 21.

However, the party will not take part in deliberations on government-submitted bills, with Yamaoka saying that it is not necessary to deliberate on a bill amending the New Antiterrorism Special Measures Law designed to allow the Maritime Self-Defense Force to continue its refueling operations in the Indian Ocean. He also said that the DPJ would not deliberate on that bill under a prime minister that has been censured, suggesting there would be a way of choosing bills to be deliberated.

14) Japan Association of Corporate Executives to hold regular meetings with LDP and DPJ

ASAHI (Page 7) (Excerpts)
July 11, 2008

The Japan Association of Corporate Executives (Keizai Doyukai), chaired by Masamitsu Sakurai, has launched a policy round-table designed to regularly exchange views with lawmakers of the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ or Minshuto). The Keizai Doyukai intends to have its policy proposals reflected in deliberations in the divided Diet through the promotion of dialogue on such issues as energy and food with lawmakers crossing party lines.

It held the first meetings with DPJ members on July 8 and with LDP members on July 10 at Tokyo hotels. The meetings focused on a variety of topics, including administrative reform, decentralization, economic diplomacy, food issues, and the tax code. Such meetings will be held once a month. This is the first time for the Keizai Doyukai to hold a policy dialogue on a regular basis.

Participants from the Keizai Doyukai include Chairman Sakurai, Vice Chairman and Senior Director Kunio Kojima, Vice Chairman and Chairman of the Political Affairs Committee Yasufumi Kanemaru, who is the chairman of Future Architect, and others. About 10 lawmakers from each party attended the meetings. Former LDP Secretary General Hidenao Nakagawa and DPJ Vice President Seiji Maehara reportedly chose participants from the stance that participants should be future-oriented and be able to display leadership in Japan.

15) Three female LDP lawmakers hold book party to promote policy proposals

ASAHI (Page 4) (Full)
July 11, 2008

Three female House of Representatives members belonging to the

ruling Liberal Democratic Party (LDP) -- Yuriko Koike, Kuniko Inoguchi, and Yukari Sato, who have formed a policy-making unit, which they call the Tokyo Projects Of, By, and For Ladies (TPL) -- yesterday held a book party in Tokyo to celebrate the publication of their joint work. The three woman lawmakers held the book party to promote policy proposals in their specialized fields such as the environment, declining birthrate, and financial issue. Their political bases are in Tokyo.

Invited to the party, former Prime Minister Junichiro Koizumi gave a speech, in which he said: "These three women are very special. When they come together, they get things done. They say that jealousy is

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a woman's trait, but that is not so. Men are jealous, too." He made the remark because of the presence of former Defense Minister Koike, whose name has been mentioned as a potential candidate to succeed Prime Minister Yasuo Fukuda.

Koike said: "We will make efforts so that women's ideas will become the main stream. We are glad that you realize women's ideas are necessary to change society."

16) Regulatory Reform and Privatization Promotion Council losing policy presence; Interim report has few original ideas

YOMIURI (Page 4) (Full)
July 11, 2008

The government's Regulatory Reform and Privatization Promotion Council, chaired by Nippon Yusen K.K. Chairman Takao Kusakari, is losing its policy presence. The panel compiled an interim report in July in preparation for a third recommendation report to be issued at the year's end. The interim report, however, has few original ideals. This is presumably because the government's and the ruling parties' desire to implement deregulation has weakened, receiving criticism that deregulatory measures taken in the past have widened income disparities.

The interim report incorporates a proposal for liberalizing, in principle, a mixed medical services system allowing hospitals to operate two different systems for medical bills -- one with medical insurance and the other without it. It also includes a number of old items for deregulation. There are few new proposals. One such is a call for a revision to the system under which the state controls the fixed number of students in medical departments of state-run universities. The report seems to lack eye-catching proposals.

The panel will start discussions next week in the run-up to the issuance of a third recommendation report. However, moves to strengthen protective regulations are becoming active recently, as can be seen in that the Ministry of Land, Infrastructure and Transport has come up with a policy of reinstating a restriction on new entries into the taxi business and increases in vehicles, and that the ruling parties have adopted a plan to review the labor dispatch system that would ban the dispatch of day workers.

Observers have the impression that compared with the deregulation efforts made during the Koizumi period, the deregulation policy line has changed and there is now little progress being achieved in the reform process.

Chairman Kusakari sought to check those voices, noting, "The bureaucracy is trying to recover from a setback with the determination to strengthen regulations, but we reject such criticism." The raison d'etre of the panel will likely be called into question in terms of to what extent it can come up with effective regulatory reform.

SCHIEFFER